Report of the Select Committee appointed to consider the Income-tax Bill.

We the undersigned members of the Select Committee to which the Income-tax Bill was referred, have considered the Bill and have the honor to submit this, our report.

Clause 1:—We consider that the Regulation may be brought into force from 1st July 1923 and hence we recommend that the word and figures "July 1923" be added at the end of sub-clause (3) of this clause.

Clause 2, sub-clause (3):—Consistently with the alphabetical order in which the expressions occurring in the Bill are defined, this sub-clause may be placed between the definitions of "company" and "Income-tax officer" and the sub-clauses renumbered accordingly.

Clause 2, sub-clause (5):—As there will be only one Commissioner for the whole of the State, the indefinite article "a" before the words "Commissioner of Income-tax" is unnecessary and may be omitted.

Clause 2, sub-clause (7):—The addition of sub-clause (2) under clause 5, recommended below, renders the words "and includes a Deputy Commissioner of Income-tax in respect of incomes assessed by him" unnecessary. These words may therefore be omitted.

Clause 3:—Since the Regulation has to come into force from 1st July 1923, the figures "1923" may be inserted after the word "July," occurring in the first line.

Clause 4, sub-clause (3):—In sub-division (vi) of this sub-clause, the word "specially" may be altered into "specifically".

Clause 5:—In lieu of the present sub-clauses (2) and (3), we suggest the insertion of the following sub-clause, drafted on the lines of section 5 (4) of the Indian Act, as it is more compendious and makes provision for the continuance, which we consider necessary, of the existing system under which individual officers exercise the powers of an assessing authority in respect of particular classes of income and of an appellate authority in respect of others. The sub-clause, as adopted, will read as follows:—

"(2) The Commissioner of Income-tax, Deputy Commissioners of Income-tax and Income-tax officers shall be appointed by the Government by notification in the Official Gazette. They shall perform their functions in respect of such classes of persons and such classes of income and in respect of such areas as the Government may direct. The Government may, by general or special notification in the Official Gazette, direct that the powers conferred on the Income-tax Officer and the Deputy Commissioner by or under this Regulation shall, in respect of any specified case, or classes of cases, be exercised by the Deputy Commissioner and the Commissioner respectively and for the purposes of any case in respect of which such notification applies references in this Regulation or in any rules made hereunder to the Income-tax Officer and the Deputy Commissioner shall be deemed to be references to the Deputy Commissioner and the Commissioner, respectively."

Sub-clause (4) :—Consequent on the changes recommended above, this sub-clause will have to be renumbered as sub-clause (3) and the words and figure "sub-section (3)" altered to "sub-section (2)." and the words "appointed under sub-section (2)" at the end of the sub-clause deleted.

Clause 7, sub-clause (2) :—We consider that this provision should include also cases of persons who may be at the time of payment even outside India. We therefore recommend that the words "outside Mysore" be substituted for the words "in any part of India".

Clause 9 :—We consider that as in the present Regulation the allowances in respect of incomes from property should also include any local rate or municipal tax that might be paid by the owner. Hence we recommend that the words "local rates or municipal taxes" be inserted after the words "land revenue" occurring in sub-division (v) of sub-clause (1) of this clause.

Clause 10 :—In proviso (c) to sub-division (vi) and in sub-division (vii) of sub-clause (2) of this clause, we recommend that the words "under the Mysore Income-tax Regulation, 1920," be substituted for the words "any Regulation repealed hereby" as the Mysore Income-tax Regulation, 1920, is the only Regulation that will be repealed by this Bill.

Sub-clause (4) :—We recommend that the words "or gains" be inserted after the word "profits" occurring in the two places and that for the words "accruing from the transactions in British India" the words "appearing to the assessing officer to be due to the transactions in British India" be substituted as in the existing Regulation.

Clause 11 (3):—We recommend that in this sub-clause also, the words "outside Mysore." be substituted for the words "in any part of India."

Clause 16 sub-clause (1) :—In line 5 between the words "Mysore" and "shall" the following words may be added "in respect of which deduction is allowed under section 10 sub-section (4)."

Clause 28 (2) :—We recommend that in place of the indefinite article "a" occurring before the words "Deputy Commissioner" and "Commissioner," the definite article be inserted.

Clause 33 :—We consider that the words "of his own motion" are unnecessary and may be omitted.

Consequent on the insertion of the new sub-clause (2) to clause 5, the words "or by himself when exercising the powers of a Deputy Commissioner under sub-section 2 of section 5" will have to be added at the end of sub-clause (1) to this clause.

We consider that Government also should have the power of review and we accordingly recommend that the following new clause be added after clause 59 which deals with the powers of Government.

Power to call for and examine the records of proceeding of Income-tax authorities.

"59 A. The Government may call for and examine the records of the proceedings of any Income-tax authority for the purpose of satisfying itself as to the legality or propriety of any decision or order passed and as to the regularity of the proceedings of such authority.

If in any case it shall appear to the Government that any decision or order or proceedings of such authority

should be modified, annulled, or reversed, the Government may pass such orders not inconsistent with this Regulation as it deems fit.

Provided that it shall not annul, modify, or alter in any way an order passed by the Commissioner under section 66.".

Clause 42 sub-clause (2):—The words "or a British Subject" may be inserted after the words "a subject of His Highness the Maharaja" as the omission of these words is obviously not intended.

Clause 46 sub-clause (3):—We consider that the power to direct the recovery of arrears of income-tax by processes enforcible for the recovery of any arrear of municipal tax should remain with the Government; we accordingly recommend that the word "Government" be substituted for the word "Commissioner."

Clause 54:—As clause 49 provides or relief in respect of United Kingdom income-tax on incomes on which Mysore income-tax has been paid, disclosures of such facts as may be necessary for the grant of such relief should also be permitted. We therefore recommend that proviso (d) to section 54 (2) of the British Indian Act XI of 1922 be adopted as follows:—

"(d) of such facts, to an authorised officer of the United Kingdom, as may be necessary to enable relief to be given under section 27 of the Finance Act, 1920 or a refund to be given under section 49 of this Regulation."

Clause 63 (2):—We consider that the word "on" before the words "the manager" is unnecessary and may therefore be omitted.

Clause 66:—As the provision of the payment of a fee while applying for a reference to the Chief Court on a question of law is intended to discourage frivolous applications, we consider that it is but equitable that such fee should be refunded in cases where the Chief Court decides in favour of the assessee on such references. We accordingly recommend that the following additional proviso be added to sub-clause (2) of this clause.

"Provided further that the Commissioner shall refund the fee paid, if the decision of the Chief Court on a reference made under this section, is in favour of the assessee."

As there will be only one commissioner for the whole State, we consider that the words "by whom it was stated" and "by whom the case was stated" occurring in sub-clauses (4) and (5) are unnecessary and may be omitted.

Clause 68:—We recommend that the figures '1923' be inserted after "30th day of June" occurring in the second proviso of this clause.

We have considered the representation of the Chamber of Commerce that the levy of super-tax may be deferred for the present and we are of opinion that the question having already been discussed and the principle of the levy having been accepted by the Legislative Council, it is not open to the Select Committee to reconsider the same.

(i) Subject No. 64 Reduction of the rate of Income-tax levied on Joint Stock Companies. (ii) Subject No. 67 Local Committees for assessment and relaxation of rules re accounts.

We have also considered the marginally noted representations discussed at the last Dasara Session of the Representative Assembly and referred to us, and we are of opinion that no change in the law as suggested is called for.

We recommend that the Bill be passed as amended by us and that the Bill as amended be published in the Gazette.

MIR HAMZA HUSEIN.
K. P. PUTTANNA CHETTY.
M. SHAMA RAO.
H. CHENNIAH.
M. N. KRISHNA RAO.
K. CHANDY.
K. MATTHAN.
K. SHANKARANARAYANA RAO.
B. ABDUR RAHMON.
N. S. NANJUNDIAH.
M. C. RANGIENGAR.

Mysore Income-tax Bill.

Bill to consolidate and amend the law relating to Income-tax and to provide for the levy of Super-tax, as amended by the Select Committee.

(Changes made by the select committee are indicated in italics.)

WHEREAS it is expedient to consolidate and amend the law relating to Income-tax and to provide for the levy of Super-tax; His Highness the Maharaja is pleased to enact as follows:—

Short title, extent and commencement.

1. (*1*) This Regulation may be called the Mysore Income-tax Regulation, 1923.

(2) It extends to the whole of Mysore.

(3) It shall come into force on the first day of *July 1923*.

Definitions.

2. In this Regulation, unless there is anything repugnant in the subject or context,—

(*1*) "agricultural income" means—

(*a*) any rent or revenue derived from land which is used for agricultural purposes, and is either assessed to land revenue in Mysore or subject to a local rate assessed and collected by officers of Government as such;

(*b*) any income derived from such land by—

(*i*) agriculture, or

(*ii*) the performance by a cultivator or receiver of rent-in-kind of any process ordinarily employed by a cultivator or receiver of rent-in-kind to render the produce raised or received by him fit to be taken to market, or

(*iii*) the sale by a cultivator or receiver of rent-in-kind of the produce raised or received by him in respect of which no process has been performed other than a process of the nature described in sub-clause (*ii*);